

Message Text

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PAGE 01 ROME 12581 151218Z

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 CAB-09 CIAE-00 COME-00

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 1840

INFO AMEMBASSY ATHENS

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AMEMBASSY BRUSSELS

AMEMBASSY COPEHNAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ETRN, IT

SUBJECT: CIVAIR - INTERNATIONAL AVIATION FUEL SHORTAGES

REF: (A) STATE 221740; (B) ROME 11386 (NOTAL); (C) ROME 12397 (NOTAL)

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1. SUMMARY. EMBASSY DISCUSSED AVIATION FUEL SITUATION IN ITALY WITH US CARRIERS AND SELECTED OIL COMPANIES. ALL REPORT NO SHORT-AGE TO DATE. CURRENT JET FUEL SUPPLY CONTRACTS BEING HONORED FULLY. HOWEVER, CUTBACKS AND SOME FORM OF ALLOCATION SYSTEM CONSIDERED VERY LIKELY IN NOT TOO DISTANT FUTURE. OIL COMPANIES UNABLE ESTI-
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PAGE 02 ROME 12581 151218Z

MATE HOW SEVERE SHORTAGE WILL BE OR EXACTLY WHEN ALLOCATION PROGRAM

WILL HAVE TO BE INSTITUTED. NONSKED OPERATORS FEAR LOSS OF 1974 SUMMER PROGRAM. GOI HAS NOT YET APPROACHED CARRIERS OR OIL COMPANIES ON AVIATION FUEL SITUATION. END SUMMARY.

2. LOCAL PAA, TWA, AND SEABOARD REPS REPORTS NO RPT NO PROBLEMS YET IN OBTAINING JET FUEL FROM SUPPLIERS -- TEXACO, MOBIL, AND ESSO, RESPECTIVELY. CURRENT CONTRACTS WITH SUPPLIERS BEING FULLY HONORED. ALL CARRIER REPS PREDICT CUTBACKS OR ALLOCATION SYSTEM WILL BE NECESSARY IN NEAR FUTURE. AIRPORTS SERVED BY US CARRIERS, TO WHICH ABOVE FUEL SUPPLY SITUATION APPLIES, ARE AT ROME, MILAN, PISA AND NAPLES (SEABOARD MAC CHARTERS).

3. SEABOARD REP REPORTS HE IS NOW ACCEPTING FULL PLANELOAD CARGO BOOKINGS FOR JANUARY AND FEBRUARY FROM SOME REGULAR CUSTOMERS WHO ARE WORRIED ABOUT FUTURE FUEL SHORTAGES. HE HAS ASSURED THEM THAT FIRST FULLY BOOKED FLIGHTS WILL BE LAST TO BE CANCELED BECAUSE OF FUEL SHORTAGES. TWO REP SAID THAT, WHEN FUEL SHORTAGE DEVELOPS IN ITALY, HE EXPECTS INTERNATIONAL FLIGHTS TO RECEIVE HIGHER PRIORITY THAN DOMESTIC SERVICES.

4. US NONSKED OPERATORS HAVE EXPRESSED FEAR TO EMBASSY THAT AVIATION FUEL SHORTAGE WILL "WIPE OUT" THEIR 1974 SUMMER OPERATIONS. THEY FEAR LOW PRIORITY UNDER ALLOCATION PROGRAMS.

5. DR. LUCIANO BATTELLI, DIRECTOR OF PLANNING AND PROGRAMS FOR MOBIL, TOLD EMBOFF THAT MOBIL IS MAKING NO NEW COMMITMENTS AND IS KEEPING SITUATIONS UNDER CLOSE REVIEW. IF CUTBACKS HAVE TO BE MADE, CONTRACT COMMITMENTS WILL RECEIVE MUCH HIGHER PRIORITY THAN NON-CONTRACT SALES. TO DATE, HOWEVER, NEITHER CATEGORY OF SALES HAS BEEN AFFECTED. TEXACO PRESIDENT ANTHONY DALESSIO REPORTED THAT PRESENT SITUATION IS "TIGHT" ALL OVER BUT TEXACO HAS NOT YET HAD TO INSTITUTE AN ALLOCATION PROGRAM. TEXACO CUSTOMERS, HOWEVER, HAVE BEEN NOTIFIED TO BE PREPARED FOR ALLOCATION PROGRAM AT ANY TIME. NEITHER COMPANY COULD PREDICT HOW SEVERE EXPECTED SHORTAGE WOULD BE OR WHEN ALLOCATION PROGRAM WOULD BE NECESSARY.

6. EMBASSY NOTES THAT EXTENSIVE SUSPENSIONS OF ALITALIA FLIGHTS, BOTH DOMESTIC AND INTERNATIONAL, DUE TO GROUND PERSONNEL STRIKE (REFTEL B) HAVE ALREADY RESULTED IN SIGNIFICANT AVIATION FUEL SAVINGS IN ITALY. DUE TO LOW LOAD FACTOR AND POSSIBLE FUEL LIMITED OFFICIAL USE

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PAGE 03 ROME 12581 151218Z

SHORTAGE THESE FLIGHTS MAY NOT BE RESUMED DURING CURRENT IATA WINTER SEASON, ALTHOUGH TENTATIVE ALITALIA PLANS CALL FOR RESUMPTION OF FULL FLIGHT SCHEDULE ON NOVEMBER 18. TWA STRIKE HAS ALSO HELD DOWN AVIATION FUEL CONSUMPTION HERE. BOTH CARRIERS AND OIL COMPANIES SEE "RATIONALIZATION" OF INTERNATIONAL ROUTE STRUCTURE AS MEANS OF ACHIEVING SIGNIFICANT FUEL SAVINGS.

7. AS REPORTED REFTTEL (C), GOI HAS NOT YET DECIDED ON A PROGRAM

TO COPE WITH POSSIBLE PETROLEUM PRODUCTS SHORTAGES. UNTIL THESE
DECISIONS ARE MADE, OIL COMPANIES WILL BE ON THEIR OWN IN ALLOCATING
AVAILABLE AVIATION FUEL. EMBASSY EXPECTS COMPANIES TO SUSPEND
OR GREATLY REDUCE NONCONTRACT SALES AS FIRST STEP AND THEN
ALLOCATE ON PERCENTAGE BASIS TO CONTRACT CUSTOMERS, IF THIS IS
NECESSARY, UNTIL SUCH TIME AS GOI FORMULATES ITS OWN PROGRAM.
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